# SC AAP Conference
# SCDHHS View on Medicaid

**Anthony Keck**

**July 29, 2012**

South Carolina Health & Human Services

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# SFY 2012 and 2013 Update

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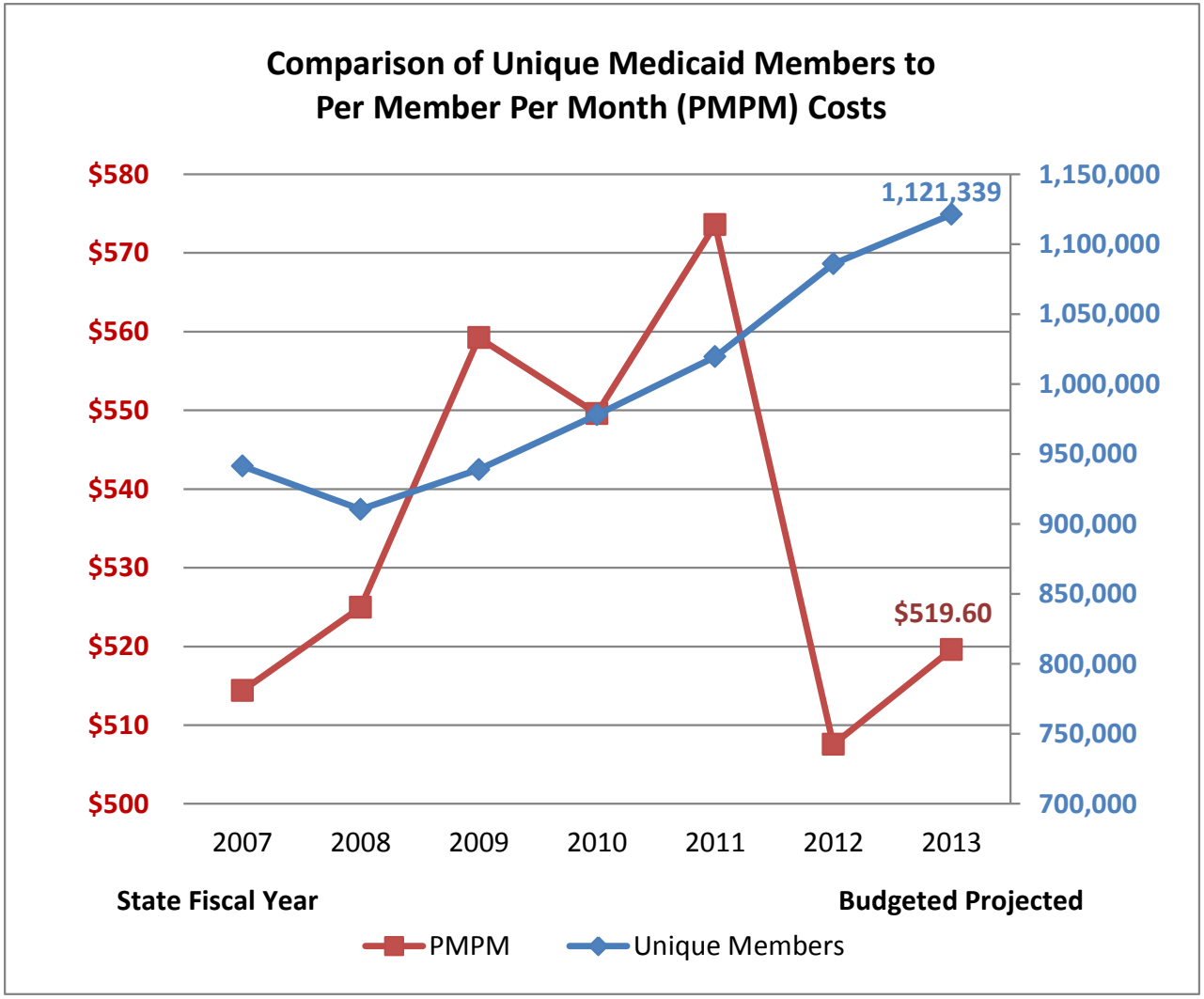
# Recent Medicaid Growth



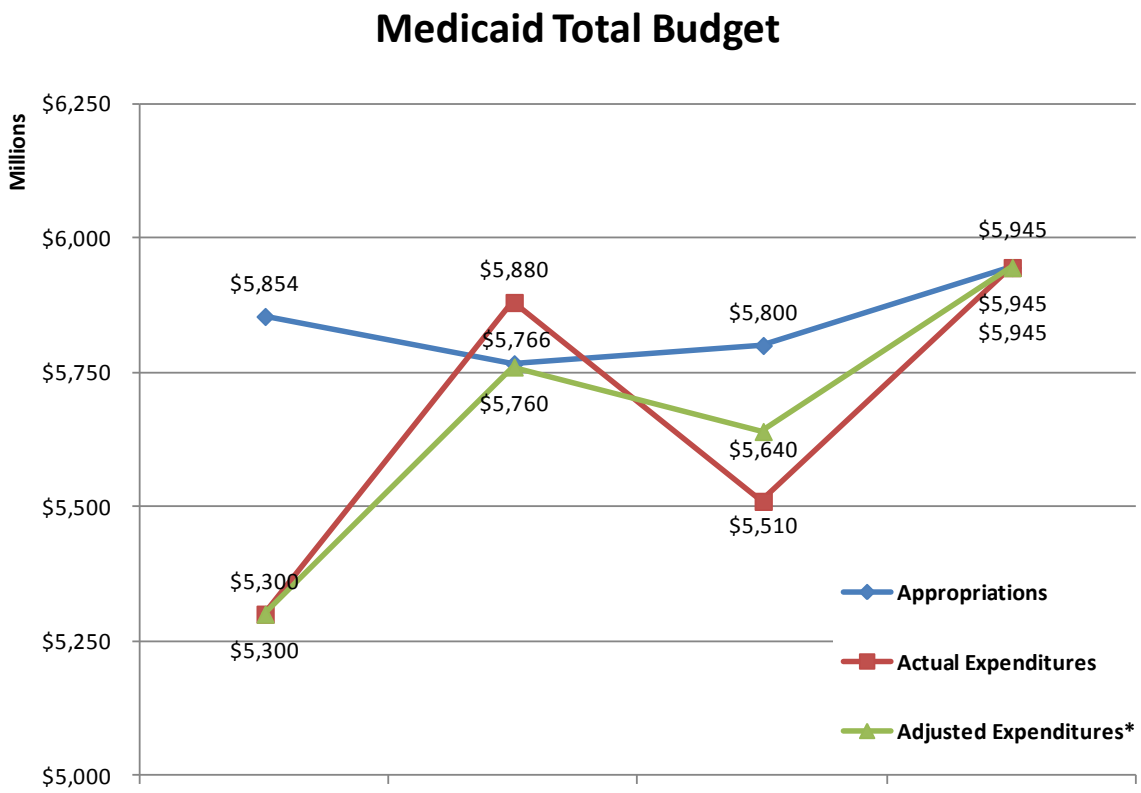

*Unique members grew 8% from FY 2007 to FY 2011.*

*PMPM costs grew 12% from FY 2007 to FY 2011.*

*PMPM costs are projected to grow 2.38% from FY 2012 to FY 2013.*

Sources: RSS3870 & Thomson Reuters Advantage Suite and Milliman Winter 2012 Update Preliminary FY10 data in SAP as of 9/13/11 and estimated for FY 2012 and FY 2013

# DHHS Medicaid Total Budget




| | FY 2010 | FY 2011 | FY 2012 Budgeted | FY 2013 Proposed |
|---|---|---|---|---|
| Member Months: | 9,731,923 | 10,255,356 | 10,783,980 | 11,213,472 |

* Adjusted (Normalized) Expenditures equalizes the managed care premium payment shifts.

***FY 2010 to FY 2013 Member Month Enrollment Growth: 15.2%***

***FY 2010 to FY 2013 Appropriation Growth: 1.8%***

***FY 2010 to FY 2013 Expenditure Growth: 12.5%***

# FY 2013 Budget All Funds

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| Summary of FY 2013 Original DHHS Budget Request | | | | |
|---|---|---|---|---|
| Appropriation Purpose: | General Fund & Capital Reserve Fund | Federal Funds | Total Other Funds | TOTAL FUNDS |
| Base Appropriation for Maintenance of Effort: | | | | |
| Continuation of Base Budget | $ 917,495,132 | $ 3,221,907,596 | $ 615,129,975 | $ 4,754,532,703 |
| Annualization Non-recurring Funding | $ 242,729,457 | $ 576,748,788 | $ - | $ 819,478,245 |
| Subtotal - Base Appropriation Request for Maintenance of Effort | $ 1,160,224,589 | $ 3,798,656,384 | $ 615,129,975 | $ 5,574,010,948 |
| New Spending Requests | $ 103,799,862 | $ 245,840,718 | $ - | $ 349,640,580 |
| Non-recurring Capital Request | $ 7,157,264 | $ 30,353,993 | $ - | $ 37,511,257 |
| Total FY 2013 Original DHHS Budget Request | $ 1,271,181,715 | $ 4,074,851,095 | $ 615,129,975 | $ 5,961,162,785 |
| FY 2012 Approved Appropriation - All Funds | | | | $ 5,796,543,317 |
| % Change | | | | 2.8% |

*Original SCDHHS Budget Request was $5.96 billion which is a 2.8% increase over the FY 2012 appropriation.*

*More than $340 million of new recurring funds were allocated to the budget.*

*98% of the request is required simply to keep the program operating at the current level.*

*FY 2013 Revised Forecast projects 32,438 additional members.*

# Affordable Care Act Summary

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# Supreme Court Summary

- Individual mandate remains standing under Congress' taxing authority
- Exchanges, insurance rules, CMMI, Co-ops, and other programs still stand
- Medicaid expansion is now optional for each state
- Subsidies are now technically available to individuals from 100% FPL and above

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# Affordable Care Act (ACA)
# Baseline Medicaid Expansion Impact

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| Projected Enrollment Growth | | | | |
|---|---|---|---|---|
| **Population** | **FY 2013** | **FY 2014** | **FY 2015** | **FY 2020** |
| **Current Programs** | | | | |
| Medicaid | 867,000 | 880,000 | 893,000 | 962,000 |
| CHIP | 70,000 | 71,000 | 73,000 | 78,000 |
| **Total Current Programs** | **937,000** | **951,000** | **966,000** | **1,040,000** |
| **After Expansion- 71% Average Participation** | | | | |
| **Expansion Population** | | | | |
| Parents/Childless Adults | | 236,000 | 236,000 | 251,000 |
| **Currently Insured Population (Crowd-out)** | | | | |
| Children and Currently Eligible Parents | | 79,000 | 79,000 | 84,000 |
| Newly Eligible Parents/Childless Adults | | 97,000 | 97,000 | 103,000 |
| **Currently Uninsured (Eligible but Unenrolled)** | | | | |
| Children | | 51,000 | 51,000 | 55,000 |
| Parents | | 40,000 | 40,000 | 43,000 |
| **SSI Disable Eligible** | | 7,000 | 7,000 | 8,000 |
| **Total Expansion from ACA Participants** | | **510,000** | **510,000** | **544,000** |
| **Total Medicaid Populatio After Affordable Care Act Expansion** | **937,000** | **1,461,000** | **1,476,000** | **1,584,000** |
| **Estimated Fiscal Impact of Population Expansion** | | | | |
| State Funds | | $ 55,400,000 | $ 133,600,000 | $ 278,400,000 |
| Federal Funds | | 932,700,000 | 1,974,500,000 | 2,148,800,000 |
| **Total Fiscal Impact - All Funds** | | **$ 988,100,000** | **$ 2,108,100,000** | **$ 2,427,200,000** |

Source: Milliman (April 6, 2012 Projections)

## *ACA Projections*

***By FY 2015, baseline actuarial estimates are that enrollment in the SC Medicaid program will exceed 1.47 million members.***

***For FY 2014 and 2015, SCDHHS will need at least $189 million in additional match for ACA provisions and enrollment.***

# Affordable Care Act Impact:
# FY 2014 to FY 2020

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| Fiscal Impact - SFY 2014 through SFY 2020<br>State Budget Dollars (values shown in millions) | Baseline Participation | Full Participation |
|---|---|---|
| Medicaid Assistance Expansion to 138% | | |
| • Expansion Population | $ 303.8 | $ 376.4 |
| • Crowd-out Population | 558.9 | 844.5 |
| • Eligible but Unenrolled Population | 598.4 | 854.8 |
| SSI Eligible | 13.2 | 13.2 |
| Pharmacy Rebate Savings - MCO | (335.5) | (335.5) |
| Health Insurer Assessment Fee | 101.7 | 109.8 |
| DSH Payment Reductions | (217.5) | (217.5) |
| CHIP Program - Enhanced FMAP | (130.2) | (130.2) |
| Physician Fee Schedule Change | - | - |
| Administrative Expenses | 192.6 | 271.2 |
| **Total** | **$ 1,085.4** | **$ 1,786.7** |
| **Additional Sensitivity** | | |
| Increase Fee Schedule to 100% Medicare All Physicians and All Services | **$ 589.5** | **$ 624.2** |
| **Total with Sensitivity** | **$ 1,674.9** | **$ 2,410.9** |

Low

High

Source: Milliman April 6, 2012 Financial Impact Projections

## *ACA Projections*

***South Carolina can expect to spend $1.1 billion to $2.4 billion more in state funds through FY 2020 as a result of the Affordable Care Act.***

***Full participation scenario would cover 764,000 individuals under Medicaid***

# What is Medicaid looking for?

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Purchase the most health for our vulnerable citizens at the least cost to the taxpayer

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# DHHS Fundamental Analysis

- Social determinants are 80-90% of health
- IOM: Health care spending is rising faster than GDP
  - Creating a health care bubble
  - Depressing economic growth
  - Diverting state investment in education and infrastructure

***1/3 of all health care spending is wasteful. ($750 billion nationally in 2009 and $1.8 billion in SC Medicaid next year)***

***Excess spending:***

- **Unnecessary services**
- **Administrative waste**
- **Inefficient services**
- **High prices**
- **Fraud and abuse**
- **Missed prevention opportunities**

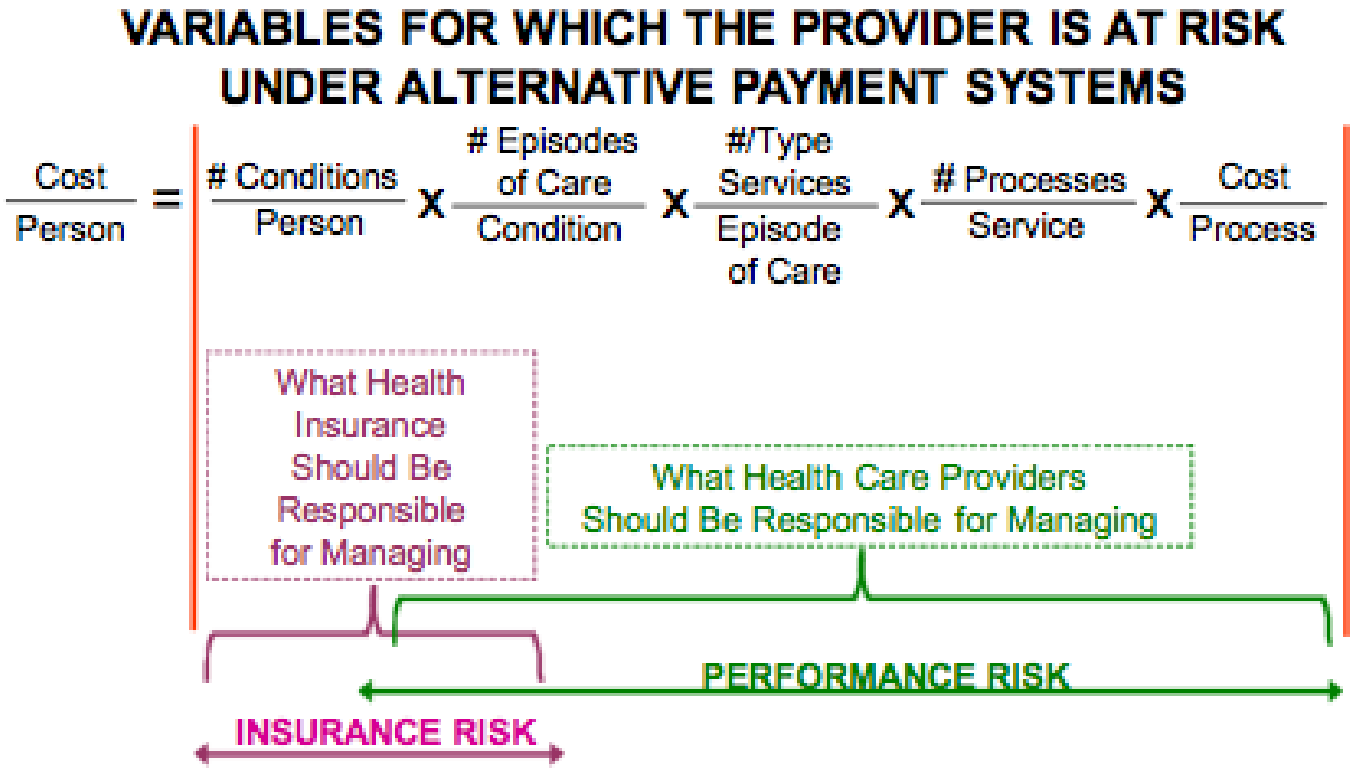
# DHHS Fundamental Strategy

- Control health care spending to allow for:
  - Increased investment in education, infrastructure and economic growth
  - Shift of health care spending to more productive health and health care services
  - Increased coverage/treatment of vulnerable populations

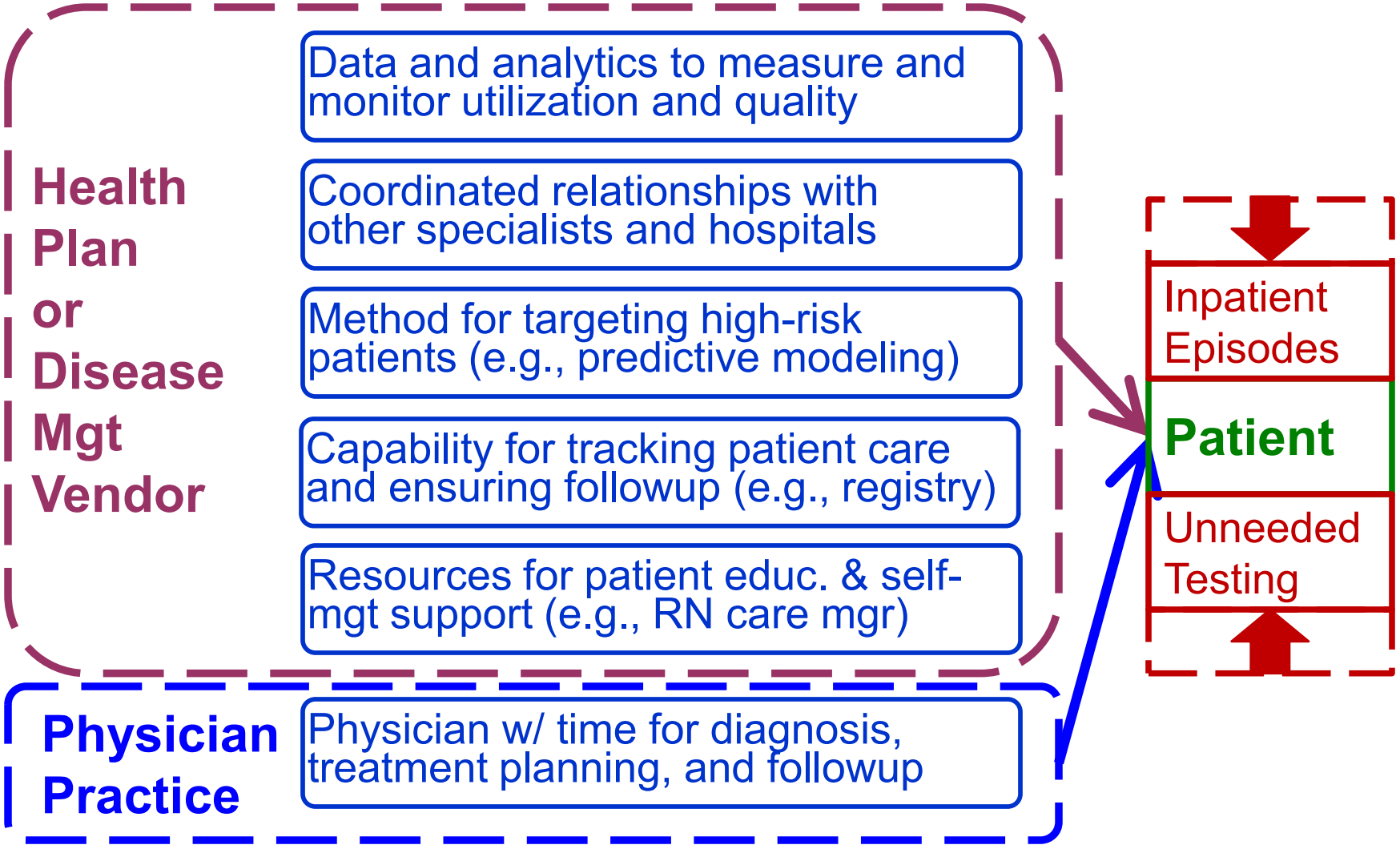
***Major objectives include:***

- **Payment reform**
- **Clinical integration**
- **Focus on hot spots and disparities**

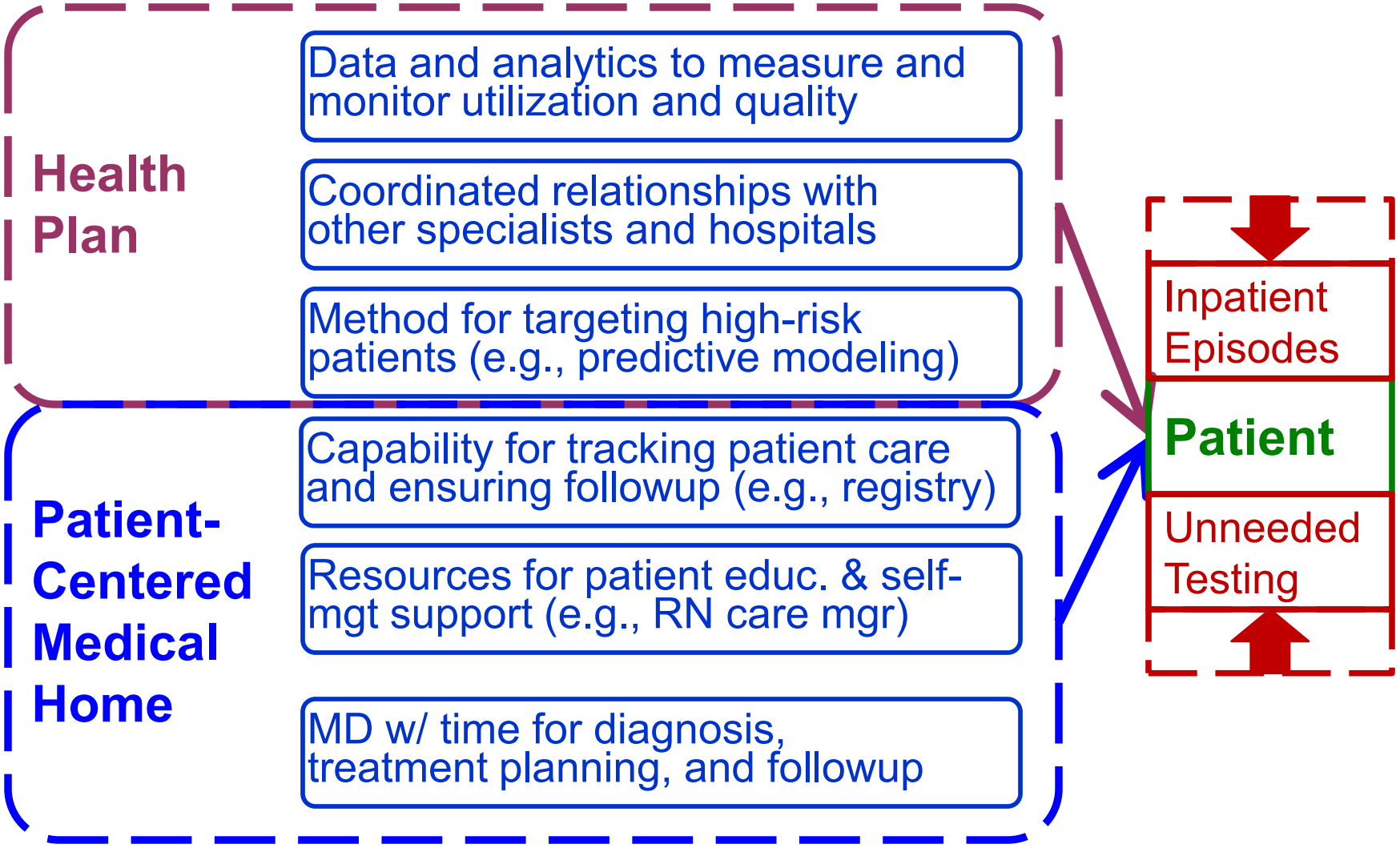
# Shift of Responsibilities



# Division of responsibilities today



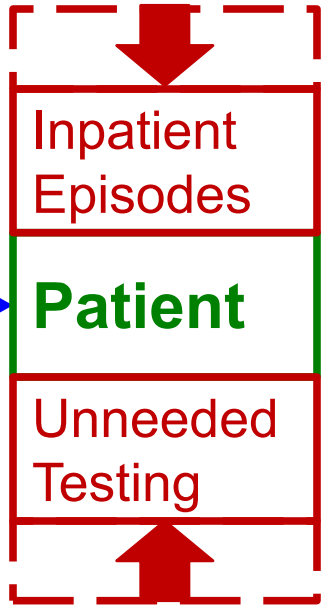
# Medical Home Initiatives Expand MD Capacity, But Not Enough



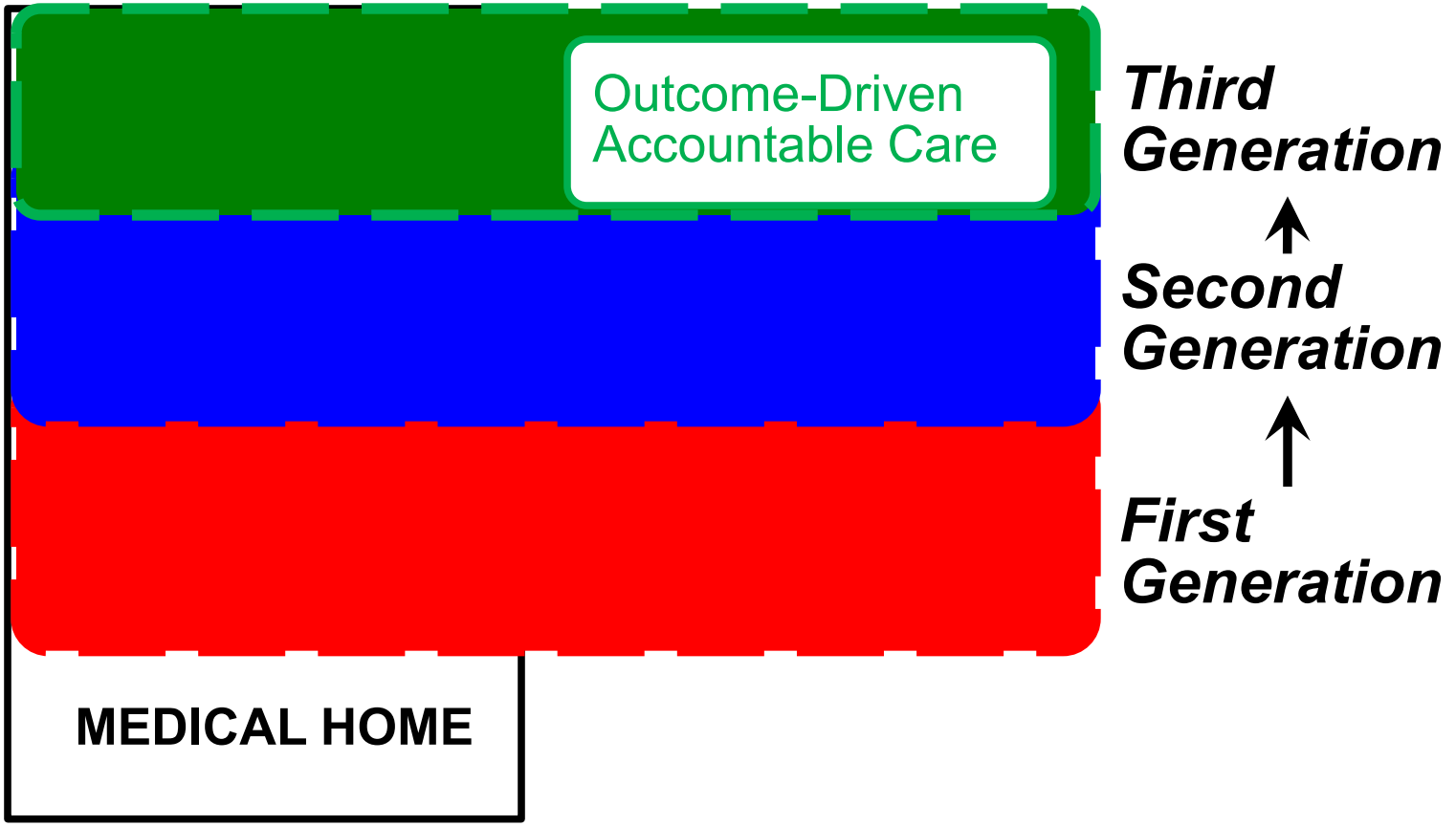
# Goal: Give MDs the Capacity to Deliver "Accountable Care"

**Physician Practice + Partners = ACO**

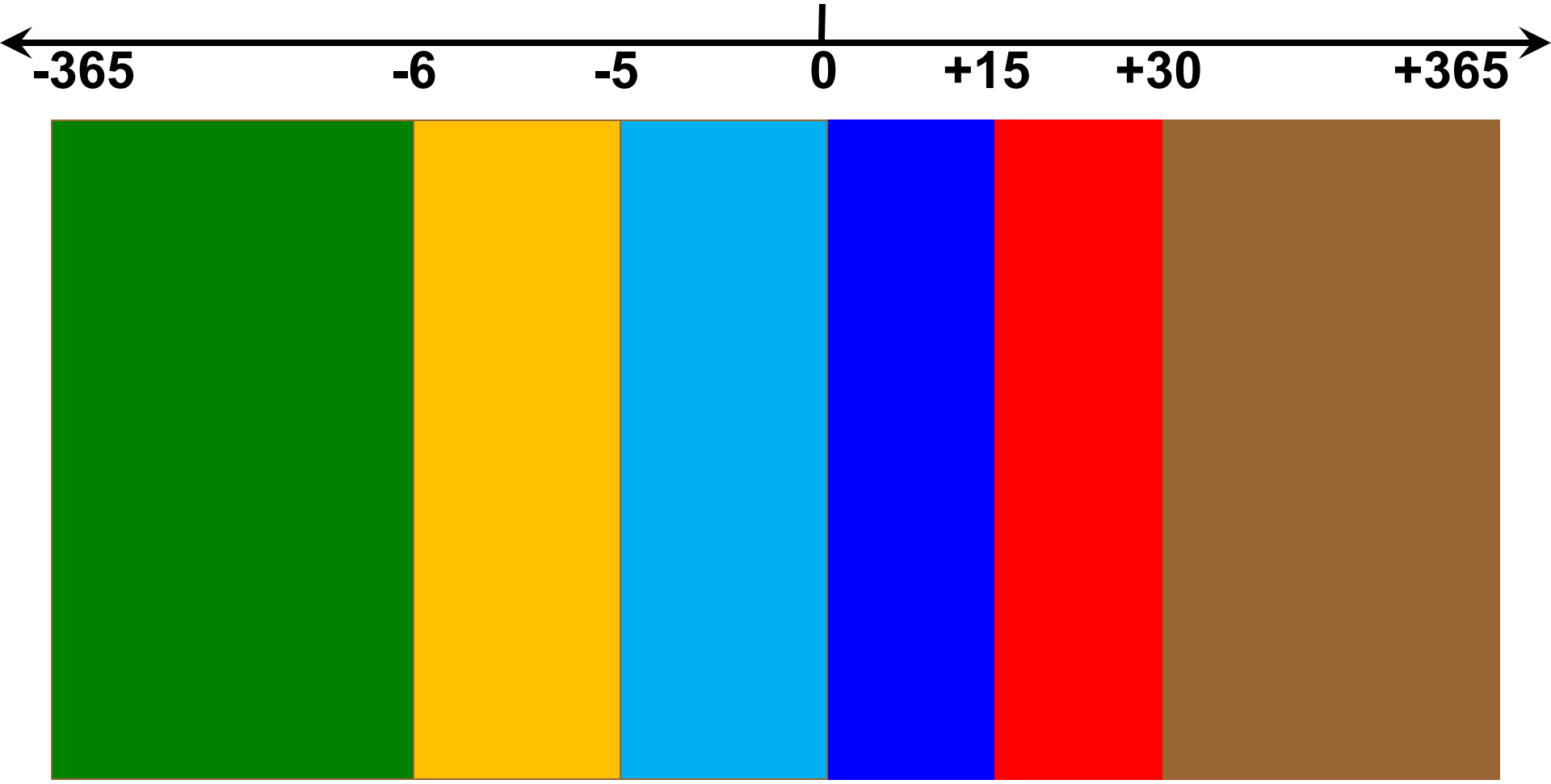
- Data and analytics to measure and monitor utilization and quality
- Coordinated relationships with other specialists and hospitals
- Capability for tracking patient care and ensuring followup (e.g., registry)
- Method for targeting high-risk patients (e.g., predictive modeling)
- Resources for patient educ. & self-mgt support (e.g., RN care mgr)
- MD w/ time for diagnosis, treatment planning, and followup



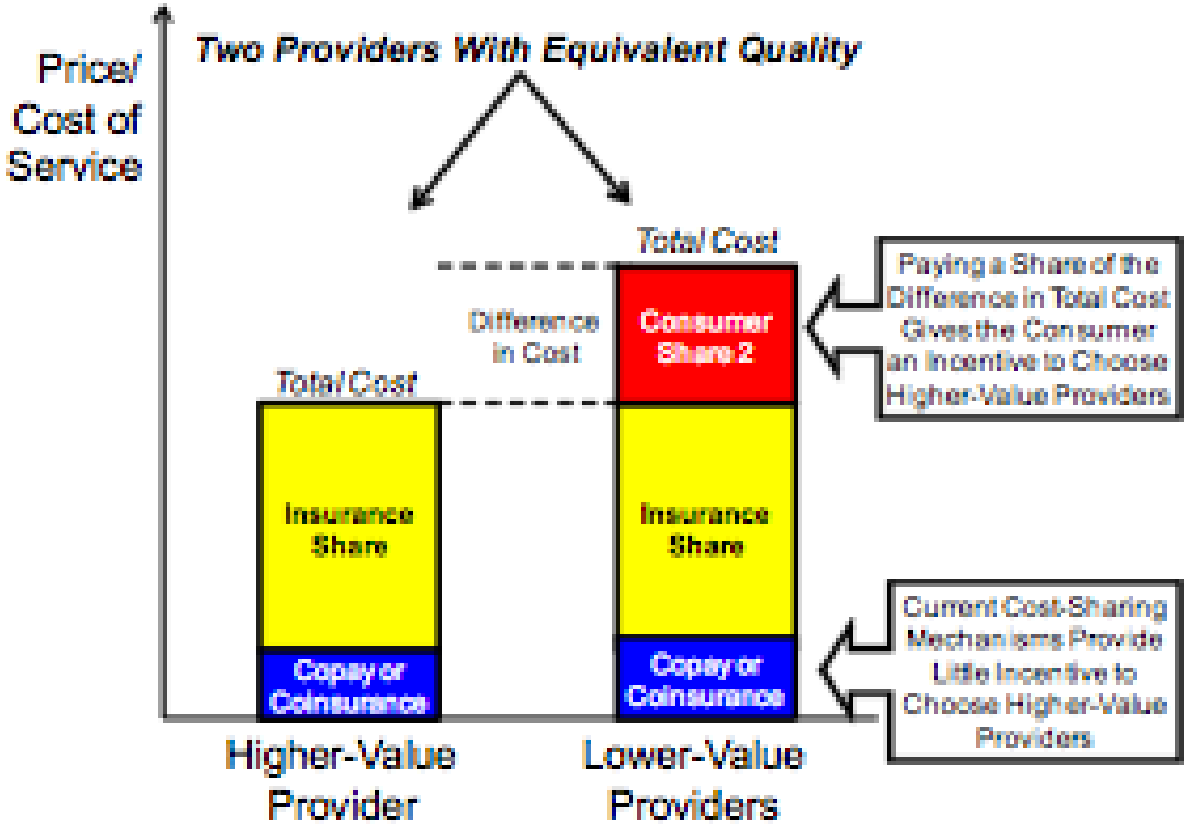
# Medical Home Evolution



# True Clinical Integration



# Reference Price & Cost Sharing



# Efforts underway

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# Catalyst for Payment Reform

- 20/20 Value Oriented Payment
  - P4P: HAC, Readmits
  - Reduced variation: COE, reference price
  - Benefit design
- Transparency
  - Price and quality for providers and plans
- Competition and Consumerism
  - Tiered and narrow networks

***8 million covered lives nationally***

***Members include:***

***3M***

***Boeing***

***GE***

***Delta***

***Wal-Mart***

***SC and OH Medicaid***

***Marriott***

***Dow***

***FexEx and others***

# Clinical Integration and Payment Reform

- CCIG
  - Incentives and withholds
  - Move to hybrid model of capitation and MHN
  - Reduce hassle factors
- Dual Eligible Project
  - Targeted toward 68,000 full duals over 65 not already in institutions
  - Strong multi-disciplinary care coordination teams required

***Goal is to create a system of care management that provides optimal incentives for patient-centered care, and disincentives for activities that do not contribute to improved health.***

# Clinical Hot spots and Disparities

- Birth outcomes
  - Early elective deliveries
  - SBIRT
  - P17
- HeART
  - Minute clinics and after-hours
  - Community health workers
  - Public health clinic leveraging
- Foster children in coordinated care

***By enhancing prenatal care and reducing pre-term deliveries, overall health outcomes can be improved.***

***Making care available at off hours will reduce treatment for minor ailments in emergency rooms.***

# Withholds & Incentives

## Withholds

- Prevention and Screening (0.25% withhold)
- Chronic Disease and Behavioral Health (0.25% withhold)
- Access and Availability (0.25% withhold)
- Consumer Experience (0.25% withhold)

## Incentives

- Patient Centered Medical Homes
  - PMPM payment will be made to provider and health plan in four payment levels
  - Payments will be quarterly based on enrollment
- Birth Outcomes Initiative (BOI)
  - Screening, Brief Intervention, Referral and Treatment
  - Centering Program
  - Nurse Family Partnership
  - Reduce prematurity or low birth weight

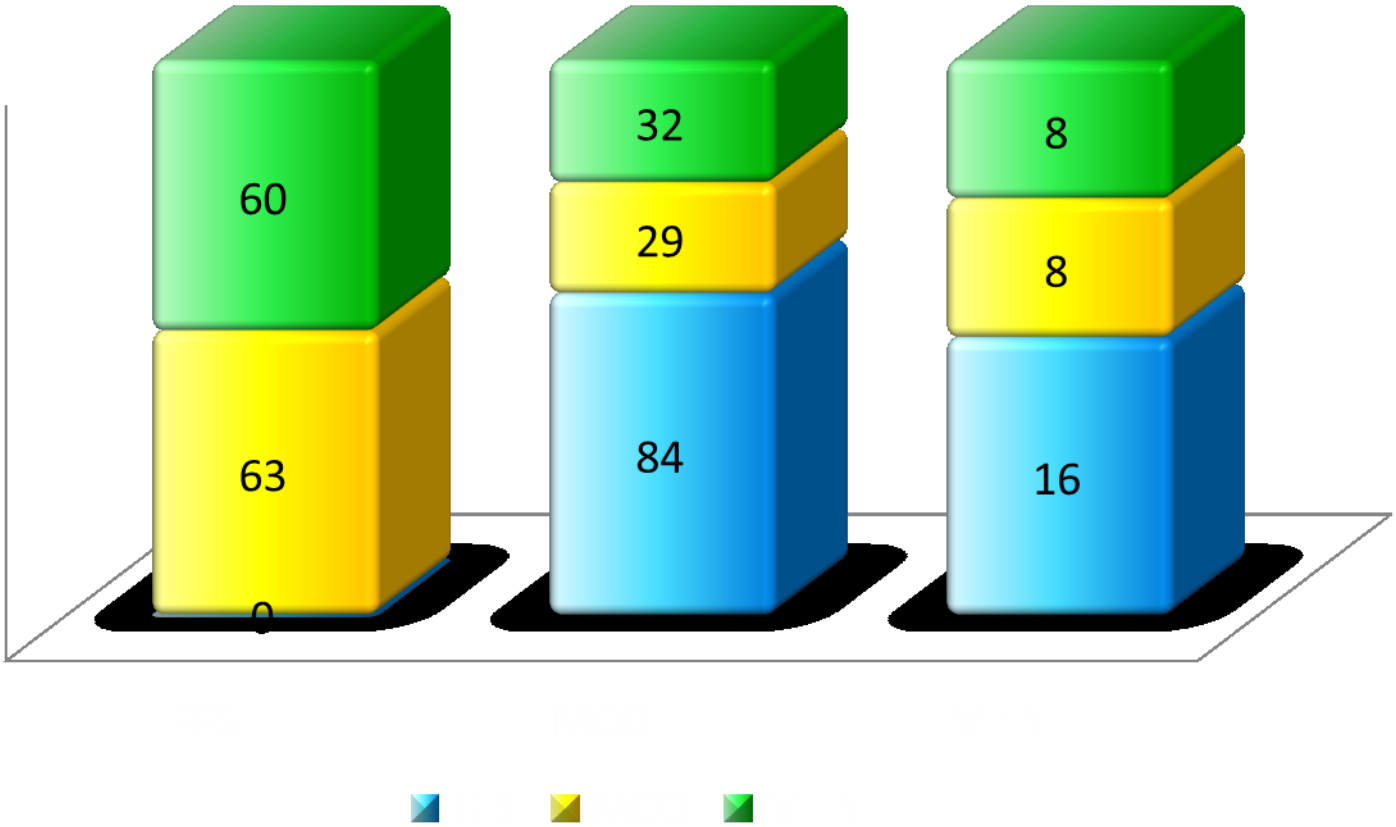
***Withholds equal $16 million in capitation***

- ***8 HEDIS in CY2012***
- ***12 HEDIS in CY2013***
- ***Floors must be met***
- ***Bonus pool***

***Incentives $16 million in both CY2012 and CY2013***

- ***PMPM $.50 to $2.00 for NCQA certification***
- ***Centering and NFP***
- ***Baby friendly race to the top***
- ***LBW reductions***

# Plan Choice CY2011

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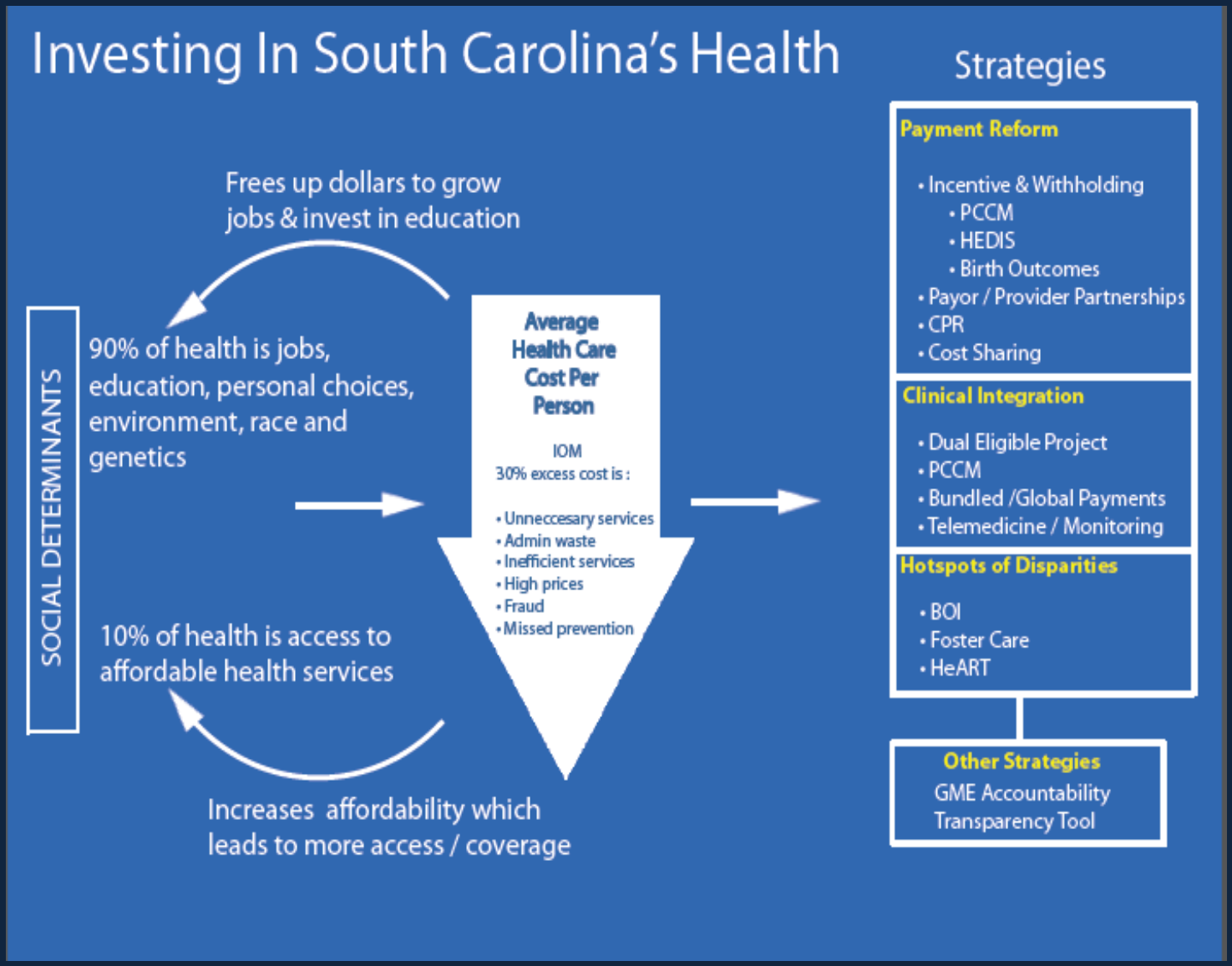


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# Distribution of HEDIS RATES by PERCENTILES

| Component | | CY 2009 | CY2010 | CY2011 Existing | CY2011 New | CY 2011 CHIPRA Practices |
|---|---|---|---|---|---|---|
| Percentiles | < 10th | | | 10 | 19 | 4 |
| Percentiles | 10th - <24th | 21 | 20 | 12 | 7 | 5 |
| Percentiles | 25th – <50th | 11 | 11 | 6 | 4 | 7 |
| Percentiles | 50th - <75th | 4 | 6 | 8 | 5 | 9 |
| Percentiles | 75th - <90th | 7 | 4 | 5 | 2 | 9 |
| Percentiles | > 90th | 0 | 2 | 2 | 6 | 7 |
| Total # of Measures | | 43 | 43 | 43 | 43 | 43 |
| | | | | | | |

Note: The data indicates approximately 50 percent of the measures fall below the 24th percentile. Implications- Preliminary evidence supports emphasis on quality improvement "can and does make a difference" and supports incentives associates with "PCMH" emphasis.

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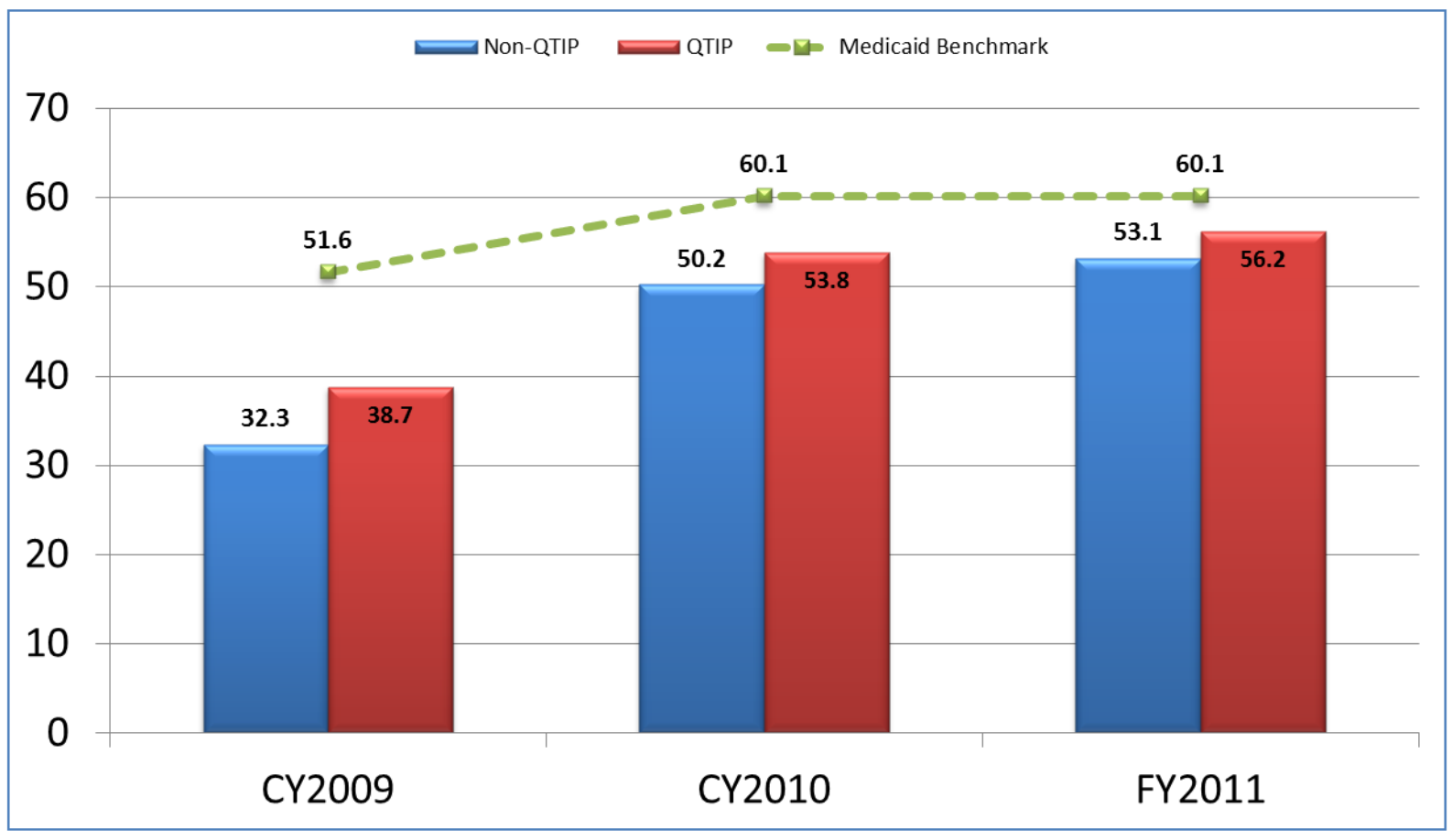
# Percent of Children with Well Child Visits (First 15 Months- 6 Visits)

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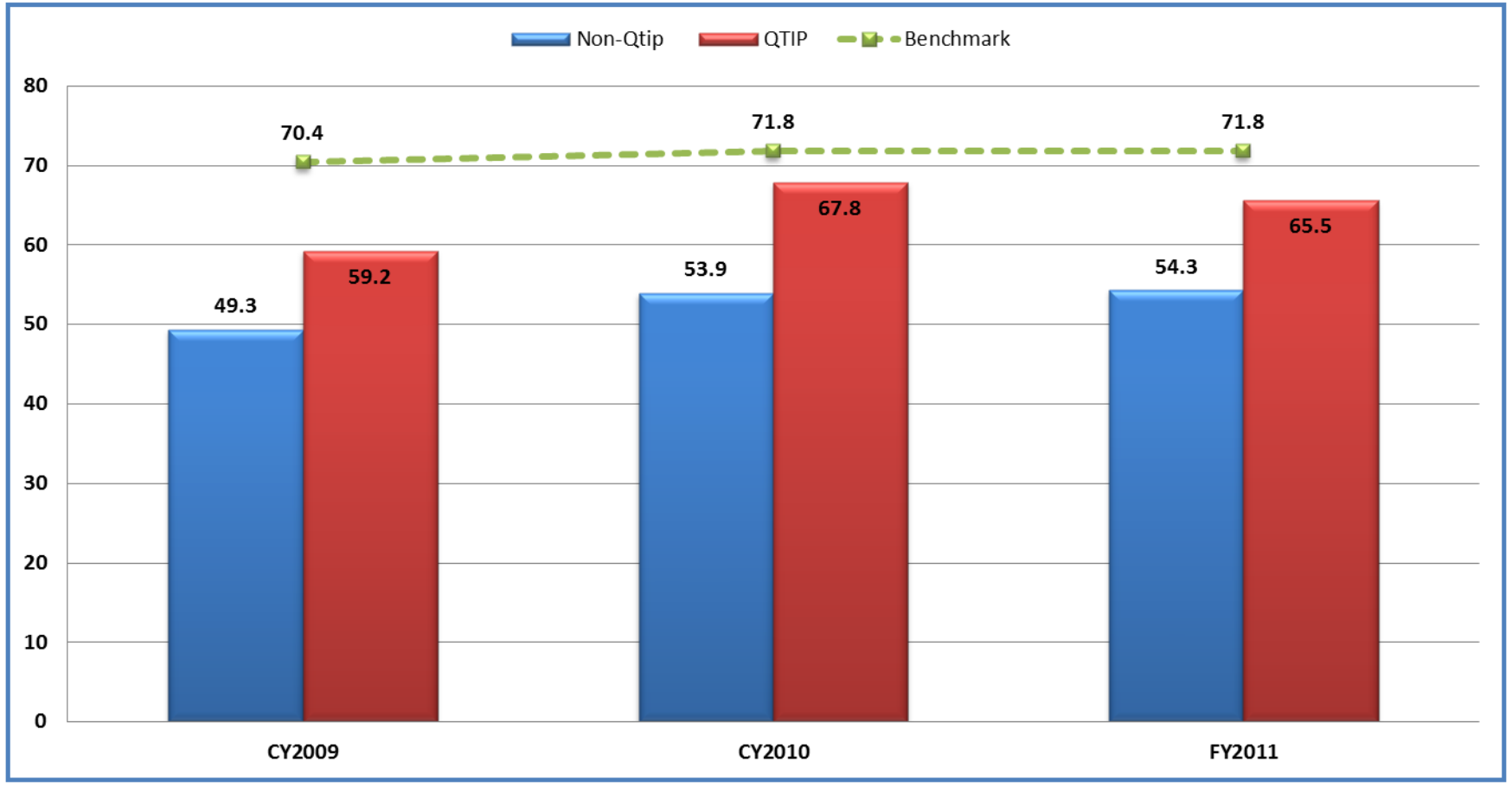
# Percent with Well Child Visits

**(Ages 3, 4, 5, and 6 Years)**

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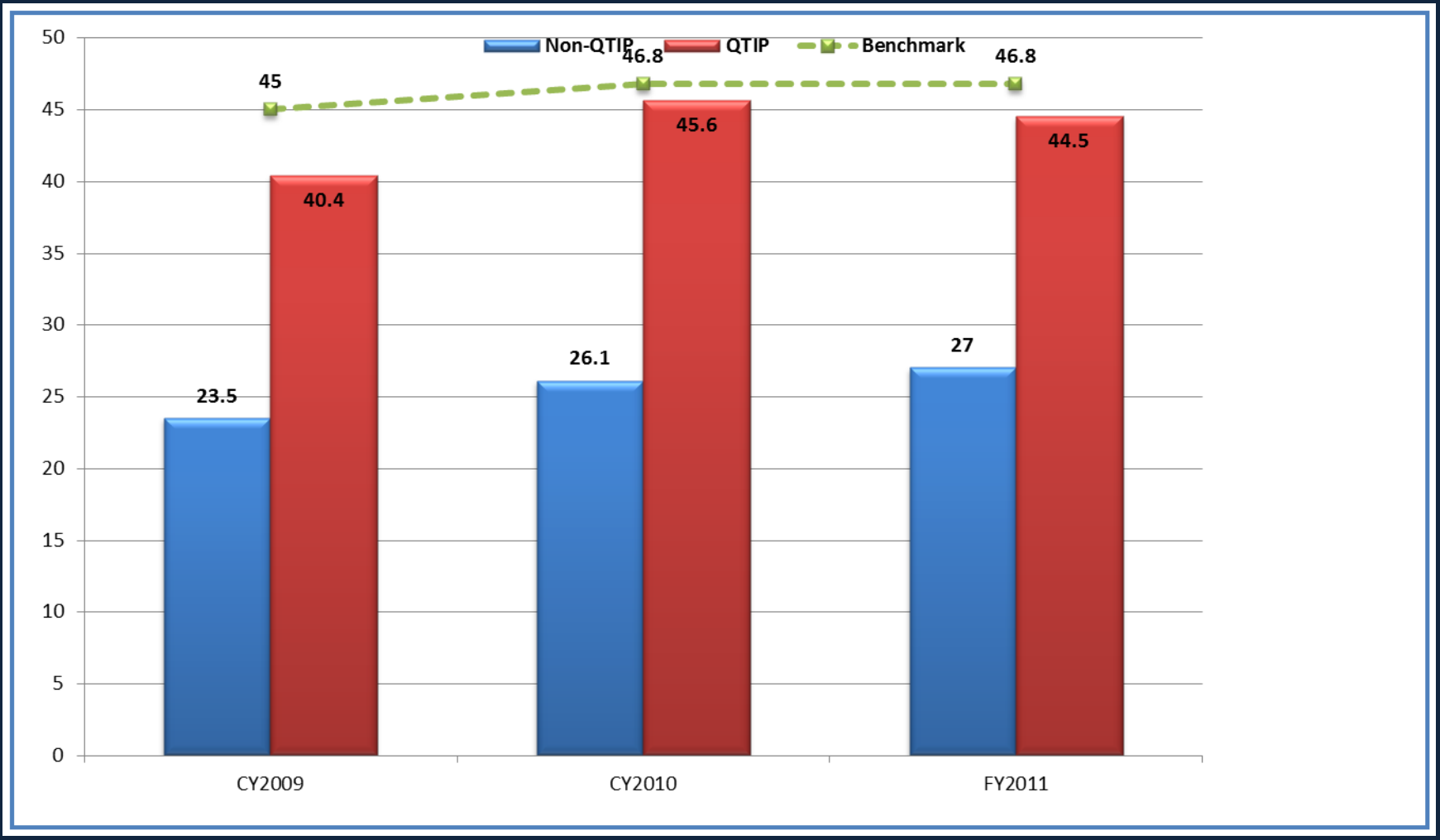
# Percent with Adolescent Well Care Visits (Ages 12 – 21 Years)

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# Questions?

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